

INCOMING TELEGRAM

Department of State

33

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Action  
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FROM: BONN

TO: Secretary of State

NO: 2651, MAY 26, 11 AM

REF: EMBTELS 2617, 2634, 2635

DURING COURSE OF CONVERSATION WITH MINISTER ERHARD REPORTED  
EMBTTEL 2634, 2635, SEVERAL OTHER MATTERS WERE ALSO DISCUSSED.

1. ASSISTANCE TO LDC'S

ICA  
OCB  
CIA  
RMR

GREATER PART OF MEETING DEVOTED THIS SUBJECT, WITH ERHARD  
GIVING EXTENSIVE EXPOSITION HIS VIEWS ON DEVELOPMENT  
AID. BELIEVE THIS FORESHADOWED LINE OF DISCUSSION HE WILL  
EXPOUND IN WASHINGTON. IN OUR VIEW, ALTHOUGH ERHARD WILL PROBABLY  
BE WILLING AND PREPARED DISCUSS SPECIFIC INSTITUTIONAL PROPOSALS  
FOR FINANCING FOREIGN AID SUCH AS IDA AND ALTHOUGH HE IS INFORMED  
OUR CURRENT CONCERN WITH THESE MATTERS, HE IS MORE PREOCCUPIED  
WITH BROADER AND, IN HIS OPINION, MORE FUNDAMENTAL ASPECTS OF  
DEVELOPMENT PROBLEM.

FIRST THEME STRESSED WAS NEED FOR MUCH GREATER COORDINATION.  
ASSERTED WITH STRONG FEELING THAT, OWING TO MULTIPLICITY OF NATIONAL  
AID EFFORTS OF DIFFERENT FORMS AND NUMBER OF INTERNATIONAL  
INSTITUTIONS, PRESENT SITUATION COMPLETELY CHAOTIC. AS ON  
NUMEROUS PREVIOUS OCCASIONS, EXPRESSED URGENCY OF SOLVING  
DEVELOPMENT PROBLEMS AND POLITICAL DANGERS IF LDC'S FALL INTO  
SOVIET CAMP. DEVELOPMENT FINANCING NEEDS SO GREAT AND SO  
IMPORTANT THAT WAYS MUST BE FOUND TO ACHIEVE AMONG CREDIT-  
GIVING NATIONS AND INSTITUTIONS (A) BETTER EXCHANGE OF INFORMATION  
ON THEIR ACTUAL AND PROSPECTIVE AID OPERATIONS; (B) AGREEMENT AS  
TO PRIORITIES AMONG RECIPIENT COUNTRIES; (C) FULLER UNDERSTANDING  
ON WHICH TYPES ON PROJECTS TO BE FINANCED BY WHICH MEANS.

DECLASSIFIED AND RELEASED BY  
CENTRAL INTELLIGENCE AGENCY  
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-2- 2651, MAY 26, 11 AM FROM BONN

ERHARD IS, SO FAR, SOMEWHAT VAGUE ABOUT HOW COORDINATION CAN BE ACCOMPLISHED. WE POINTED OUT SOME OF DIFFICULTIES AND ASKED HIM WHAT HE HAD IN MIND. HE MENTIONED POSSIBILITY OF CONFERENCE OF KEY CREDITOR COUNTRIES IN AUTUMN.

SECOND THEME OF ERHARD IS THAT OF RESPONSIBILITY OF AID-RECEIVING COUNTRY. STRESSED IMPORTANCE, IF OBJECTIVES TO BE ATTAINED, OF RECIPIENT USING OWN AND BORROWED RESOURCES FOR ESSENTIAL RATHER THAN PRESTIGE PROJECTS AND OF MAINTAINING INTERNAL PRICE STABILITY. DECLARED NEED FOR REQUIRING SOME ACCOUNTABILITY STRICTER THAN HE BELIEVES IS DEMANDED BY US UNDER OUR AID PROGRAMS.

2. COAL

GERMANS NOTED THAT COAL HAD BEEN LISTED BY US FOR WASHINGTON DISCUSSIONS AND WONDERED, IN VIEW OF MANY TIMES THIS SUBJECT HAS BEEN DISCUSSED, WHETHER IT IS ANY LONGER OF INTEREST. WE CONFIRMED EMPHATICALLY THAT OUR INTEREST IS NOT DEAD.

3. OTHER SUBJECTS

ERHARD SAID WOULD APPRECIATE HEARING DURING WASHINGTON TALKS OUR APPRAISAL INTERNAL ECONOMIC SITUATION SOVIET UNION WITH PARTICULAR REFERENCE TO THE SEVEN-YEAR PLAN. HE MIGHT ALSO BROACH IDEAS ABOUT GATT-EEC RELATIONS. CABLING SEPARATELY RE HIS PARTY.

TIMBERLAKE

SGC

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